



A PHI Company

Thomas H. Graham
President Pepco Region

Government Affairs & Public Policy
Pepco Region
701 Ninth Street, NW
Washington, DC 20068



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Dear Valued Pepco Customer:

On June 29, the violent, fast-moving derecho storm tore through states from the Midwest to the mid-Atlantic, leaving in its wake a 700-mile trail of death and destruction, including 34 fatalities, and significantly impacted more than four million customers. At its peak, the storm left more than 450,000 Pepco customers without power, and a state of emergency was declared in the District of Columbia, Maryland, Virginia, West Virginia and Ohio.

We understand the hardship and inconvenience of living without electricity, as caused by the storm, and I would like to take this opportunity to personally thank you for your patience and understanding as more than 3,000 personnel including Pepco forces and mutual assistance crews worked to restore power. The storm caused significant damage to our critical infrastructure, which needed to be rebuilt prior to restoring power to customers. The restoration effort involved replacing almost 300 utility poles and almost 200 transformers - a significant amount more than what was replaced after Hurricane Irene in 2011. After rebuilding the infrastructure, crews focused on restoring power to critical health and safety facilities, and then on restoring homes and businesses.



Yet even with all of the destruction, Pepco restored power to 90% of customers by midnight on July 4, more than 48 hours before our original estimate. We reached 100% restoration before any other utility in the area - just before dawn on Sunday, July 8. According to the Federal Emergency Management Association, more than 100,000 customers were still without power at that time in other parts of Maryland and nearby states.

In September 2010, Pepco committed \$910 million over five years to improving our reliability. In the almost two years since we began that work, we've trimmed over 4,000 miles of trees, enhanced 144 power lines and replaced more than 500 miles of underground cable. Customers served by upgraded power lines experienced a 39% reduction in the average number of power outages of normal day-to-day service during 2011 as compared to 2010, and when outages did occur, they were shorter in duration, declining on average by 56% compared to 2010. Today, we are stronger and more reliable - but no amount of strengthening to our system could have withstood a storm of this magnitude.

Again, we sincerely thank you for your patience. I would also like to thank customers who took time to show their gratitude - shaking crew members' hands, and leaving them notes, water and Popsicles, and even sending emails or handwritten thank you notes to the company. We will continue to enhance our reliability, work hard to restore power when storms come again, and keep our customers informed of our progress every step of the way.

A handwritten signature in black ink that reads "Thomas H. Graham". The signature is written in a cursive, flowing style.

Thomas H. Graham
President, Pepco Region